

MIRA MESA

Public Facilities Financing Plan and Facilities Benefit Assessment

Fiscal Year 2012



Facilities Financing
City Planning & Community Investment
May 2011

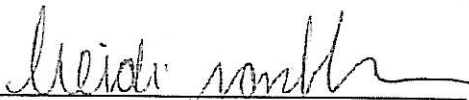
RESOLUTION NUMBER R- 306821
DATE OF FINAL PASSAGE JUN 02 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING THE MIRA MESA PUBLIC
FACILITIES FINANCING PLAN AND FACILITIES BENEFIT
ASSESSMENT, FISCAL YEAR 2012, AND AUTHORIZING
THE CHIEF FINANCIAL OFFICER TO ESTABLISH AND
MODIFY INDIVIDUAL CAPITAL IMPROVEMENT
PROGRAM PROJECT BUDGETS TO REFLECT THE PLAN.

BE IT RESOLVED, by the Council of the City of San Diego, that it approves the
document titled, "Mira Mesa Public Facilities Financing Plan and Facilities Benefit Assessment,
Fiscal Year 2012," (Financing Plan) a copy of which is on file in the Office of the City Clerk as
Document No. RR- 306821.

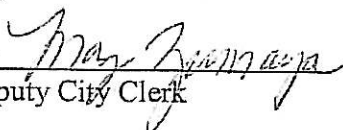
BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to establish
and modify individual Capital Improvement Program project budgets to reflect the Financing
Plan provided funding is available for such action.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Heidi K. Vonblum
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San
Diego, at this meeting of MAY 24 2011.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 6.2.11
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

Mayor

Jerry Sanders

City Council

Sherri Lightner, Council District 1
Kevin Faulconer, Council District 2
Todd Gloria, Council District 3
Tony Young, Council District 4
Carl DeMaio, Council District 5
Lori Zapf, Council District 6
Marti Emerald, Council District 7
David Alvarez, Council District 8

City Attorney

Jan Goldsmith, City Attorney
Heidi Vonblum, Deputy City Attorney

City Planning & Community Investment

William Anderson, FAICP, Director
Tom Tomlinson, Facilities Financing Manager
John E. Tracanna, Supervising Project Manager
Angela Abeyta, Project Manager
Leon McDonald, Principal Engineering Aide
M. Elena Molina, Word Processing Operator

Mira Mesa Community Planning Group

Carlos Alvarez
Ted Brengel
Bruce Brown
Tom Derr
Darrell Dunlap
Steve Esquilin
Ian Firth
Joe Frichtel
John Horst
Michael Linton

Phil Lisotta
James Ludwick
Marvin Miles
Robert Mixon
Pat O'Donohoe
Craig Radke
Jeff Stevens
Jori Tulkki
Bari Vaz

(This page is intentionally left blank)

TABLE OF CONTENTS

INTRODUCTION.....	1
AUTHORITY	1
UPDATE TO FINANCING PLAN	1
SCOPE OF REPORT	1
FACILITIES BENEFIT ASSESSMENT	3
FBA PROCEDURE.....	3
METHODOLOGY OF THE FBA.....	3
TIMING AND COST OF FACILITIES	3
EXPENDITURES	4
AREA OF BENEFIT AND PROJECTED LAND USES.....	5
AREA OF BENEFIT	5
PROJECTED LAND USE	5
Residential.....	5
Non-residential.....	5
ASSESSMENTS.....	9
ASSESSMENT METHODOLOGY – EDU RATIOS	9
ASSESSMENT ROLL DESCRIPTION	9
DETERMINATION OF ASSESSMENT RATES	10
DEVELOPMENT IMPACT FEES (DIF)	11
AUTOMATIC ANNUAL INCREASES	11
CASH FLOW ANALYSIS	13
PUBLIC FACILITIES FINANCING PLAN	17
PURPOSE	17
DEVELOPMENT FORECAST AND ANALYSIS	17
Residential.....	18
Non-residential.....	18
CAPITAL IMPROVEMENT PROGRAM	19
Future Public Facility Needs.....	19
Changes to Capital Improvement Project List.....	19
FEE SCHEDULE FOR FACILITIES BENEFIT ASSESSMENTS.....	21
Annual Review.....	21
Updated Project Costs.....	21
Fee Schedule	21
FINANCING STRATEGY	21
Facilities Benefit Assessment (FBA).....	22
Development Impact Fee (DIF)	22
Assessment Districts	22
Community Facility District (CFD).....	22
Developer Construction	22
Reimbursement Financing for Water and Sewer Facilities	23

Mira Mesa Public Facilities Financing Plan FY 2012

State/Federal Funding	23
Cost Reimbursement District (CRD)	23
Development Agreement	23
GENERAL ASSUMPTIONS AND CONDITIONS	23
Developer Advance.....	26
TRANSPORTATION PROJECTS.....	37
PARK AND RECREATION PROJECTS	111
FIRE PROJECTS	133
LIBRARY	135

APPENDIX..... A-1

MIRA MESA COMMUNITY FUND	A-3
MIRA MESA TEEN CENTER FUND	A-4
ASSESSMENT ROLL LISTING	A-5

TABLES

TABLE 1	INVENTORY OF LAND USES.....	6
TABLE 2	EDU RATIOS.....	9
TABLE 3	FY 2012 ASSESSMENT RATE	11
TABLE 4	FACILITIES BENEFIT ASSESSMENT SCHEDULE	12
TABLE 5	LOS ANGELES/SAN DIEGO CONSTRUCTION COST INDEX.....	14
TABLE 6	SAN DIEGO CONSUMER PRICE INDEX	14
TABLE 7	MIRA MESA CASH FLOW	15
TABLE 8	DEVELOPMENT SCHEDULE.....	18
TABLE 9	MIRA MESA – PUBLIC FACILITIES PROJECTS SUMMARY	27

FIGURES

FIGURE 1– AREA OF BENEFIT MAP	7
FIGURE 2 – PROJECT LOCATION MAP.....	35
FIGURE 3 – TRAFFIC SIGNALS	36

This information will be made available in alternative formats upon request. To request a financing plan in an alternative format, call the Planning Department, Facilities Financing Section, at (619) 533-3670.

To view this document online, visit the City Planning and Community Investment Department on the City of San Diego website at <http://www.sandiego.gov/planning/facilitiesfinancing/index.shtml>.

Introduction

Authority

This **financing plan** implements the improvement requirements set forth in the Mira Mesa Community Plan, which was originally approved by the City Council on October 6, 1992 by Resolutions Numbers 280829, 280830, and 282543.

Update to Financing Plan

On September 19, 2006, by Resolution R-301860, the City Council adopted the Fiscal Year 2007 Mira Mesa Public Facilities Financing Plan. This report is an update of the Financing Plan for Mira Mesa. Future updates are anticipated to occur on an annual basis.

Scope of Report

The Fiscal Year 2012 Mira Mesa Financing Plan identifies the public facilities that will be needed over the next 14 years, during which full development of the community is expected. This report also includes the revised **Facilities Benefit Assessment (FBA)** for Mira Mesa, as required by City Ordinance O-15318. The FBA is established to provide public facilities which will benefit the Mira Mesa community.

(This page is intentionally left blank)

Facilities Benefit Assessment

FBA Procedure

City Ordinance No. O-15318 was adopted by the City Council on August 25, 1980 to establish the procedure for implementing a Facilities Benefit Assessment (FBA). The FBA provides funding for public facilities projects that serve a designated area, also known as the **area of benefit**. The dollar amount of the assessment is based upon the collective cost of each public facility, and is equitably distributed over the area of benefit in the Mira Mesa community planning area. For more information on the area of benefit, see Areas of Benefit and Projected Land Uses beginning on page 5.

Methodology of the FBA

The methodology of the FBA is as follows:

- 1) An FBA **Assessment Roll** is prepared for Mira Mesa where each remaining, unimproved parcel or approved map unit in the area of benefit is apportioned its share of the total assessment according to the size and anticipated use of the property. Refer to Assessment Roll Description on page 9 for more information on the Assessment Roll.
- 2) Liens are placed on the undeveloped or under-developed portions of the assessed parcels and final map properties within the area of benefit. The liens are filed without a specific assessment amount since the owner or developer is responsible to pay only the assessment that applies to the type and amount of development that actually occurs.
- 3) At the time of building permit issuance, the owner of the parcel being developed is assessed a fee that is determined by the type and size of the development permitted according to the FBA assessment schedule that is in effect at the time the permit is obtained. Owners/developers are not permitted to pay liens in advance of development. FBA fees are paid directly to the Development Services Department at the time of building permit issuance.
- 4) Fees are collected, placed into a separate City fund, and used within the area of benefit solely for those capital improvements and administrative costs identified in the Mira Mesa Public Facilities Financing Plan.

Timing and Cost of Facilities

The public facilities projects anticipated to be financed by the Mira Mesa FBA funds are shown in Table 9, beginning on page 27. Included in the table are:

- Project title
- Fiscal year in which construction of the project is expected
- Estimated project costs
- Funding sources

Project categories include transportation improvements, neighborhood parks and recreation, fire, and libraries. Descriptions of the anticipated projects, which are listed in Table 9, can be found on the project sheets beginning on page 37. The FBA also funds the administrative costs associated with the development, implementation, and operation of the FBA program.

Expenditures

The following are three types of expenditures that may be applied against the FBA fund:

- 1) **Direct payments** for facility costs, including administration of the FBA fund;
- 2) **Credits** to developers for facilities provided in accordance with Section 61.2213 of the FBA Ordinance; and
- 3) **Cash reimbursement** to developers for providing facilities exceeding the cost of their FBA obligation pursuant to an approved reimbursement agreement.

Therefore, whether a developer or the FBA fund provides a facility, direct payments, credits, or cash reimbursements are all treated as an expense to the FBA fund.

Area of Benefit and Projected Land Uses

Area of Benefit

The City Council initiates proceedings for the designation of an area of benefit by adopting a **Resolution of Intention**. The undeveloped land areas that are within the community boundary of Mira Mesa are known as the area of benefit. A Facilities Benefit Assessment is applied to the residential, non-residential, and various other land use combinations of undeveloped property. Figure 1, on page 7, shows the community boundary and locations of the Mira Mesa Facilities Benefit Assessment Districts or areas of benefit.

The location and extent of the area of benefit is determined by referencing the County Assessor parcel maps, current tentative subdivision maps, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, provides the data for the Inventory of Land Uses table shown on page 6.

Projected Land Use

Residential

The anticipated remaining residential development for Mira Mesa is estimated at 3,786 dwelling units. A list of the types and amount of planned residential development can be found in Table 1 on page 6.

Non-residential

The anticipated remaining non-residential development for Mira Mesa is estimated to be 403.19 acres and consists of commercial and industrial development. A list of the types and amount of planned non-residential development can be found in Table 1 on page 6.

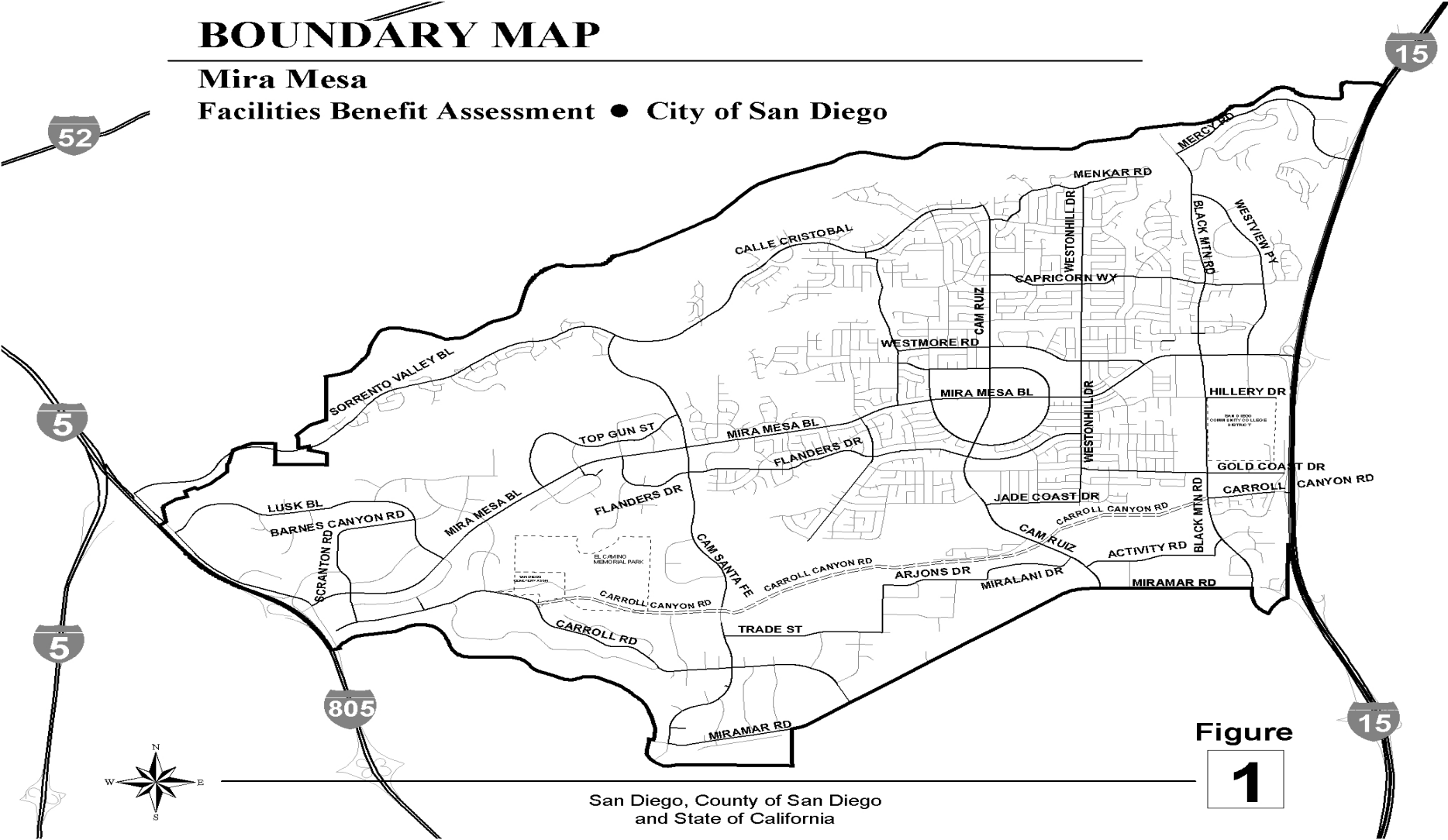
FBA fees are expected to be paid on a per acre basis for nonresidential properties. In the event that a landowner desires to proceed with development of a portion of the landowner's property based on a phased development program, which is subject to a lien for the total amount of FBA as provided in Section 61.2210 of the Municipal Code, the landowner may obtain building permits for the development phase after paying a portion of the FBA and making provision for payment of the remainder of the FBA to the satisfaction of the Mayor. Payment of FBA is made at the time building permits are issued.

Table 1 Inventory of Land Uses

As of March 1, 2011

Land Use	Actual	To Go	Total
Single-Family Residential Units	2,104	204	2,308
Multi-Family Residential Units	2,601	3,582	6,183
Commercial Acres	89.00	7.04	96.04
Industrial Acres	652.93	396.15	1,049.08

Figure 1– Area of Benefit Map



(This page is intentionally left blank)

Assessments

Assessment Methodology – EDU Ratios

An **Equivalent Dwelling Unit** or **EDU** ratio has been established for the purpose of spreading the cost of public facilities between the different land use classifications. Equivalent Dwelling Unit ratios have been calculated for each category of facility to be constructed under the FBA because the relationship between land use and the degree of benefit from different public facilities can vary substantially. The single-family dwelling unit (SFDU) is the foundation for all other EDU ratios. Other land use classifications are assigned an EDU ratio per dwelling unit or acre, proportionate to the respective benefit.

Table 2 provides the EDU ratios used to prepare the Mira Mesa Facilities Benefit Assessment.

Table 2 EDU Ratios

CATEGORY	SFDU	MFDU	CAC	I-2	I-4	I-5	I-6
TRANSPORTATION	1	0.7	50	13	15	10	10
PARKS & LIBRARY	1	0.7	1.2	0.8	0.8	0.8	0.8
FIRE	1	0.7	9.77	6.74	6.74	6.74	6.74
SFDU	Single Family Dwelling Unit						
MFDU	Multi-family Dwelling Unit						
CAC	Commercial Acres						
I-2 thru I-6	Industrial Acres						

Assessment Roll Description

For each undeveloped map portion or parcel in the Area of Benefit, the Assessment Roll includes:

- Parcel number
- Name and address of the owner (according to the County Assessor's records)
- Number of dwelling units or non-residential acres to be developed (according to the highest and "best use" scenario)
- Assessment amount for each parcel.

Identification numbers in the Assessment Roll may be non-sequential as a result of some parcels having been omitted after assessments are paid, as ownership changes, or as parcels are subdivided. Information on ownership is listed according to the County Assessor's records at the time the Assessment Roll is

prepared, as shown on the last equalized Assessment Roll, or as otherwise known to the City Clerk; or by any other means which the City Council finds reasonably calculated to apprise affected landowners (Section 61.2205). The current Assessment Roll is shown in the Appendix of this financing plan and begins on page A-5.

A Resolution of Designation, when adopted by the City Council, imposes the Facilities Benefit Assessment in the form of a lien that is placed upon the undeveloped or under-developed portions of the County Assessor parcels and final map properties within the area of benefit. The assessments are based upon the type and size of forecasted land use of the highest and “best use” scenario.

The maps, plats, and summary of the Assessment Roll, all of which define the area of benefit, will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. Collection of the FBA is to occur at the time of building permit issuance at the Development Services Department.

Determination of Assessment Rates

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the area of benefit. The amount of the Facilities Benefit Assessment (FBA) is determined by using the following information:

- Development schedule (in dwelling units and acres)
- Composite EDU ratios for each land use designation
- Schedule of facility expenditures (in FY 2012 dollars) to be financed with monies from the FBA fund
- Annual interest rate of 3% for Fiscal Years 2012 through build out (applied to the fund balance)
- Annual inflation rate of 4% for Fiscal Years 2013 through build out (to determine the future costs of facilities that will be constructed in years beyond FY 2013)
- At the end of each fiscal year (June 30th), unpaid assessments are increased by the inflation factor.

An individual developer will pay an assessment to the FBA fund, based upon the number of units, or acres developed in a particular year. Pursuant to the terms of a reimbursement agreement with the City, a developer may be issued credits against an assessment for expenditures related to providing facilities in lieu of paying a Facilities Benefit Assessment. An approved reimbursement agreement with the City may also entitle a developer to cash from the FBA fund.

An **assessment rate** is calculated to provide sufficient money to meet the scheduled, direct payments for facilities provided by the FBA fund. The base deposit rate also considers the timing of credits and reimbursements to be paid to developers for FBA funded facilities. Table 3 lists the FY 2012 Facilities Benefit Assessment base deposit rate for Mira Mesa.

Development Impact Fees (DIF)

Development Impact Fees (DIF) are collected to mitigate the impact of additional development on properties that have either already paid FBAs and/or that have never been assessed. DIF, equal to current FBA, are appropriate for such development.

Table 3 FY 2012 Assessment Rate

LAND USE	ASSESSMENT PER UNIT/ACRE (FY 2012 DOLLARS)
SINGLE FAMILY UNITS	\$26,905
MULTI-FAMILY UNITS	\$18,834
COMMERCIAL ACRE	\$166,542
INDUSTRIAL (I2) ACRE	\$58,384
INDUSTRIAL (I4) ACRE	\$63,496
INDUSTRIAL (I5) ACRE	\$50,581
INDUSTRIAL (I6) ACRE	\$76,410

Automatic Annual Increases

Facilities Benefit Assessments are evaluated annually and adjusted accordingly to reflect the current economic conditions. With this update, the FY 2012 assessment is reduced by 12% from the current FY 2011 assessment. This reduction is due to several factors. First, additional FBA revenue is anticipated as a result of a significant increase in the number of units in a planned development project. Also, there were several decreases in project cost estimates due to changes in scope and the current economic conditions. An inflation factor of 4% per year will be applied to the assessment starting in FY 2013. The inflation factor is used to provide automatic annual increases in the assessment rate and takes effect at the beginning of each fiscal year (July 1 through June 30). The automatic increase provision is effective only until such time as the next annual adjustment is authorized by the City Council. Thereafter, the subsequent Council-approved annual adjustment will prevail.

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the Area of Benefit. The Mira Mesa FBA Schedule in Table 4, page 12, shows the projected rate of assessment for each category of land use during each year of community development.

Table 4 Facilities Benefit Assessment Schedule

FISCAL YEAR	SFDU	MFDU	CAC	I2AC	I4AC	I5AC	I6AC
2011	\$30,435	\$21,305	\$188,393	\$66,044	\$71,827	\$57,218	\$86,435
2012	\$26,905	\$18,834	\$166,542	\$58,384	\$63,496	\$50,581	\$76,410
2013	\$27,981	\$19,587	\$173,202	\$60,719	\$66,035	\$52,604	\$79,466
2014	\$29,100	\$20,370	\$180,129	\$63,147	\$68,676	\$54,708	\$82,644
2015	\$30,264	\$21,185	\$187,334	\$65,673	\$71,423	\$56,896	\$85,950
2016	\$31,475	\$22,033	\$194,830	\$68,301	\$74,281	\$59,173	\$89,389
2017	\$32,734	\$22,914	\$202,623	\$71,033	\$77,252	\$61,540	\$92,965
2018	\$34,043	\$23,830	\$210,726	\$73,873	\$80,341	\$64,001	\$96,682
2019	\$35,405	\$24,784	\$219,157	\$76,829	\$83,556	\$66,561	\$100,550
2020	\$36,821	\$25,775	\$227,922	\$79,902	\$86,898	\$69,223	\$104,572
2021	\$38,294	\$26,806	\$237,040	\$83,098	\$90,374	\$71,993	\$108,755
2022	\$39,826	\$27,878	\$246,523	\$86,422	\$93,989	\$74,873	\$113,106
2023	\$41,419	\$28,993	\$256,384	\$89,879	\$97,749	\$77,868	\$117,630
2024	\$43,076	\$30,153	\$266,640	\$93,475	\$101,659	\$80,983	\$122,336
2025	\$44,799	\$31,359	\$277,306	\$97,214	\$105,726	\$84,222	\$127,229

SFDU = Single family dwelling unit

MFDU = Multi-family dwelling unit

CAC = Commercial acre

I2AC = Light industrial/Restricted industrial acre

I4AC = Manufacturing (Lusk Business Park East) acre

I5AC = “Extractive” (Mining) acre

I6AC = Industrial Park acre

Cash Flow Analysis

The Mira Mesa Cash Flow, Table 7, page 15, presents an analysis of the Mira Mesa FBA. For each fiscal year during the development of the community, the cash flow shows the difference between anticipated FBA revenues (including earned interest) and the expected capital improvement expenditures. Interest earnings for cash on hand are compounded and based on an estimated 3% annual return for FY 2012 through full community development.

The City of San Diego considers historic data while predicting the effect of inflation on construction projects. The Los Angeles/San Diego **Construction Cost Index (CCI)** and the **Consumer Price Index (CPI)** for San Diego are the two indices used by the City while conducting a cash flow analysis. The historical information associated with the Los Angeles/San Diego Construction Cost Index and the Consumer Price Index for San Diego is shown in Tables 5 and 6 on page 14.

Since needed facilities are directly related to the community's growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in community development will require a modification to facility schedules and a new cash flow will be prepared.

Table 5 Los Angeles/San Diego Construction Cost Index

As reported by Engineering News Record

Year	CCI	% Change/Year
1999	6832	2.38%
2000	7056	3.28%
2001	7073	0.24%
2002	7440	5.19%
2003	7572	1.77%
2004	7735	2.15%
2005	8234	6.45%
2006	8552	3.87%
2007	8873	3.75%
2008	9200	3.68%
2009	9799	6.51%
2010	9770	(0.3%)
2011	10035	2.72%

Table 6 San Diego Consumer Price Index

Year	CPI	% Change/Year
1999	171.7	3.43%
2000	179.8	4.72%
2001	190.1	5.73%
2002	195.7	2.95%
2003	203.8	4.14%
2004	211.4	3.73%
2005	218.3	3.26%
2006	226.7	3.8%
2007	231.9	2.3%
2008	242.4	4.6%
2009	240.9	-0.6%
2010	244.2	1.39%

Table 7 FY 2012 Mira Mesa FBA Cash Flow

NEDU FACTORS:								1.00	0.70	6.19	2.17	2.36	1.88	2.84				
FY	SFDU	MFDU	CAC	I2AC	I4AC	I5AC	I6AC	\$/SFDU	\$/MFDU	\$/CAC	\$/I2AC	\$I4AC	\$I5AC	\$I6AC	INPUT \$ PLUS INTEREST	PLANNED CIP \$ EXPENSES	NET BALANCE	FY
PRIOR	2,104	2,601	89.00	151.13	180.94	0.00	318.66											PRIOR
2010	0	0	0.00	0.00	0.00	0.00	0.00	\$29,264	\$20,485	\$181,144	\$63,503	\$69,063	\$55,016	\$83,110			\$4,120,198	2010
2011	0	0	0.00	0.00	0.00	0.00	2.20	\$30,435	\$21,305	\$188,393	\$66,044	\$71,827	\$57,218	\$86,435	\$314,177	\$224,342	\$4,210,033	2011
2012	0	200	0.00	0.00	0.00	0.00	16.34	\$26,905	\$18,834	\$166,542	\$58,384	\$63,496	\$50,581	\$76,410	\$5,143,972	\$4,923,038	\$4,430,967	2012
2013	0	230	0.00	0.00	0.00	0.00	25.66	\$27,981	\$19,587	\$173,202	\$60,719	\$66,035	\$52,604	\$79,466	\$6,627,371	\$9,921,600	\$1,136,738	2013
2014	30	247	3.88	0.00	6.08	0.00	0.00	\$29,100	\$20,370	\$180,129	\$63,147	\$68,676	\$54,708	\$82,644	\$7,154,022	\$432,640	\$7,858,120	2014
2015	70	246	0	0.00	12.97	0.00	26.51	\$30,264	\$21,185	\$187,334	\$65,673	\$71,423	\$56,896	\$85,950	\$10,759,155	\$11,417,370	\$7,199,905	2015
2016	59	206	0.00	1.00	0.00	0.00	8.00	\$31,475	\$22,033	\$194,830	\$68,301	\$74,281	\$59,173	\$89,389	\$7,365,738	\$9,253,581	\$5,312,062	2016
2017	5	373	0.00	0.00	0.00	0.00	30	\$32,734	\$22,914	\$202,623	\$71,033	\$77,252	\$61,540	\$92,965	\$11,780,763	\$3,455,294	\$13,637,531	2017
2018	3	373	0.00	0.00	0.00	0.00	40.88	\$34,043	\$23,830	\$210,726	\$73,873	\$80,341	\$64,001	\$96,682	\$13,546,763	\$177,145	\$27,007,149	2018
2019	0	373	0.00	0.00	0.00	0.00	32.00	\$35,405	\$24,784	\$219,157	\$76,829	\$83,556	\$66,561	\$100,550	\$13,233,321	\$15,462,198	\$24,778,271	2019
2020	0	408	3.16	15.38	0.00	44.00	4.33	\$36,821	\$25,775	\$227,922	\$79,902	\$86,898	\$69,223	\$104,572	\$16,593,889	\$23,895,216	\$17,476,944	2020
2021	0	256	0.00	0.00	0.00	44.00	0.00	\$38,294	\$26,806	\$237,040	\$83,098	\$90,374	\$71,993	\$108,755	\$10,491,593	\$14,475,081	\$13,493,456	2021
2022	0	208	0.00	0.00	0.00	44.00	0.00	\$39,826	\$27,878	\$246,523	\$86,422	\$93,989	\$74,873	\$113,106	\$9,534,868	\$6,826,887	\$16,201,437	2022
2023	0	173	0.00	0.00	0.00	45.00	0.00	\$41,419	\$28,993	\$256,384	\$89,879	\$97,749	\$77,868	\$117,630	\$9,042,266	\$6,337,932	\$18,905,771	2023
2024	0	173	0.00	0.00	0.00	0.00	0.00	\$43,076	\$30,153	\$266,640	\$93,475	\$101,659	\$80,983	\$122,336	\$5,717,559	\$9,905,586	\$14,717,744	2024
2025	37	116	0.00	0.00	0.00	0.00	0.00	\$44,799	\$31,359	\$277,306	\$97,214	\$105,726	\$84,222	\$127,229	\$5,815,982	\$233,110	\$20,300,616	2025
TO GO	204	3,582	7.04	16.38	19.05	177.00	183.72								\$133,121,439	\$116,941,020	\$20,300,616	TOTAL

Note:

- 1) Values are rounded to the nearest dollar.
- 2) Annual inflation rate is 4% on project costs and FBA in FY 2013 and beyond.
- 3) Annual interest rate is 3% in FY 2012 and beyond.

(This page is intentionally left blank)

Public Facilities Financing Plan

Purpose

The **Public Facilities Financing Plan** is prepared to ensure that all owners of undeveloped property will pay their fair share of the funding required to finance the community's needed public facilities. The financing plan applies to all property owners seeking to develop property, even if the subject property has an approved tentative or final map detailing its development. The Public Facilities Financing Plan includes the following:

- Development forecast and analysis
- Capital Improvement Program
- Fee schedule for a Facilities Benefit Assessment.

This report will update the Public Facilities Financing Plan (Financing Plan) and the Facilities Benefit Assessment (FBA) for the development that is planned to occur in the community planning area known as Mira Mesa.

Development Forecast and Analysis

The development projection for Mira Mesa is based upon the best estimates of the existing property owners, their land use consultants, and City staff. Certain economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and issues involving the transportation thresholds could slow or halt the development rate of Mira Mesa. Conversely, a period of robust business expansion could significantly increase the rate of development. Indications are that the remaining development of Mira Mesa will take place over a 14-year period.

The current development schedule assumes that the required transportation improvements will be provided by the time any thresholds are reached. The projected schedule of development for Mira Mesa is presented in Table 8, on page 18. In this table, the number of units developed within a year refers to those applications having building permits issued (paid) during the July-to-June fiscal year. Therefore, the number of units developed in 2011 refers to those for which permits were issued, with fees paid, between July 1, 2010 and June 30, 2011. Development in Mira Mesa is projected to reach 8,491 dwelling units by the end of Fiscal Year 2025.

Since needed facilities are directly related to the community growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in the rate of community development will require a modification of the schedule for providing needed public facilities. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

Table 8 Development Schedule

FISCAL YEAR	SFDU	MFDU	CAC	I2AC	I4AC	I5AC	I6AC
PRIOR	1,984	2,432	71.90	149.40	157.10	0.00	225.10
2001	90		4.00		4.72		21.60
2002	2	169	7.22				
2003			4.12	1.73	1.04		
2004			.68		.93		18.45
2005			.55		15.98		3.00
2006	27				1.17		27.08
2007							6.07
2008	1						6.50
2009			.53				10.86
2010							
2011							2.20
2012		265					16.34
2013	29	264					25.66
2014	34	200	3.88		6.08		
2015	33	200			12.97		26.51
2016	41	200		1.00			8.00
2017	25	373					30.00
2018	5	373					40.88
2019		373					32.00
2020		408	3.16	15.38		44.00	4.33
2021		256				44.00	
2022		208				44.00	
2023		173				45.00	
2024		173					
2025	37	116					
PRIOR (thru 2011)	2,104	2,601	89.00	151.13	180.94	0.0	320.86
TO GO	204	3,582	7.04	16.38	19.05	177.0	183.72
TOTAL	2,308	6,183	96.04	167.51	199.99	177.0	504.58

* Development figures shown for development beyond FY 2011 are estimates.

Residential

The total anticipated residential development for Mira Mesa is estimated at 8,491 dwelling units. A list of the types and amount of planned residential development can be found in Table 1 on page 6.

Non-residential

The total anticipated non-residential development for Mira Mesa is estimated to be 1,145.12 acres. A list of the types and amount of planned non-residential development can be found in Table 1 on page 6.

Capital Improvement Program

Future Public Facility Needs

In order to better serve the Mira Mesa community, public facilities are needed in a number of project categories. Those categories include:

- Transportation
- Parks and Recreation
- Fire
- Library
- Sewer/Water Lines (Utilities)

Project locations are depicted in Figures 2 and 3 on pages 35 and 36, and summarized in Table 9 on page 27. The anticipated project descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 37. The anticipated timing associated with individual projects is also summarized in Table 9 and on the corresponding CIP project sheets. Refer to Table 8 on page 18 for the current development schedule anticipated for the community.

Construction schedules of facilities are contingent upon actual development within the community because needed facilities are directly related to the community's growth rate. Therefore, any slowdown in community development will require a modification to the schedule by which needed facilities are planned. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

Changes to Capital Improvement Project List

Significant changes to the Capital Improvement Project list are described below:

TRANSPORTATION

- T-5A-5C Carroll Canyon Rd – Carroll Rd to Camino Ruiz: Total project cost estimate increased from \$36,769,000 to \$42,841,000. Mira Mesa FBA share increased from \$6,794,000 to \$7,150,000.
- T-10 Camino Ruiz-Gold Coast Drive: Total project cost estimate increased from \$7,570,000 to \$12,023,151 due to increases in unit costs and additional right-of-way acquisition.
- T-51 Pedestrian Bridge – Black Mountain Road at Community College: Project cost estimate increased from \$5,000,000 to \$5,511,660.
- T-87 Camino Santa Fe/Miramar Road Intersection Improvements: *Decreased* project cost estimate from \$1,500,000 to \$451,000 due to change in scope.

- T-89 Kearny Villa Road/Miramar Road Intersection Improvements: Total project cost estimate *decreased* from \$3,300,000 to \$1,180,000 due to refinement of quantities and calculations. The Mira Mesa FBA share decreased from \$3,122,320 to \$968,000.
- T-96 Carroll Canyon Road – Scranton Road to El Camino Memorial Park Western Entrance: Decreased project cost estimate from \$7,800,000 to \$2,600,000 due to reduction in project scope.

PARKS

- P-64B Hourglass Field Community Park Field House (Phase III): Project increase of \$845,000 to allow for final reimbursement payment to the Community College District.
- P-64C Hourglass Field Community Park Field House Enhancement (Phase V): Project cost estimate for this phase increased from \$2,405,000 to \$2,655,000.
- P-70B S. Christa McAuliffe Community Park- Phase II: Developable land has been reduced to 7.5 acres due to environmental constraints. Total project cost estimate *decreased* from \$7,500,000 to \$4,473,436.
- P-73 Parkdale Neighborhood Park: Project cost estimate increased from \$5,850,000 to \$9,457,055 due to increase in land acquisition valuation.
- P-75B Mira Mesa Community Park Expansion: Updating and redesign of original project results in a total project cost estimate increase from \$21,000,000 to \$26,708,139.

Fee Schedule for Facilities Benefit Assessments

Annual Review

The FBA Ordinance in the Municipal Code (Section 61.2212) provides for an annual adjustment of Facilities Benefit Assessments. The annual review may reflect changes to any of the following:

- Rate and amount of planned development
- Actual or estimated cost of public facilities projects
- The public facilities projects
- Inflation rates
- Interest rates
- Comparative analysis of City approved discretionary permits.

Updated Project Costs

This update includes an analysis, by each of the sponsoring City departments, of the project costs for each public facility project. The costs estimates shown in this update have been revised and consider the following:

- LEED “Silver Level” standards
- Impact of inflation
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project.

Fee Schedule

The Mira Mesa FBA Schedule in Table 4, page 12, shows the rate of assessment for each category of land use during each year of community development. The FY 2012 assessment schedule includes a 12% decrease in the current FY 2011 assessment, with a 4% annual increase starting in FY 2013.

Financing Strategy

The General Plan calls for impacts of new development to be mitigated through appropriate fees identified in the Public Facilities Financing Plans. These include impacts to public facilities and services, including the water supply and distribution system, sanitary sewer system, drainage facilities, fire protection, schools, streets, parks, and open space. According to Council Policy 600-28, such improvements are to be furnished and financed by the developer. As such, the developers will provide a majority of the needed public facilities for Mira Mesa as a part of the subdivision process. Public facility projects that benefit a population larger than the local/adjacent development may be financed by using the following alternative methods:

Facilities Benefit Assessment (FBA)

This method of financing fairly and equitably spreads costs while following the procedures specified in San Diego Municipal Code Chapter 6, Article 1, Division 22. A Facilities Benefit Assessment results in a lien being levied on each parcel of property located within the Area of Benefit. The liens ensure that assessments will be collected on each parcel as development occurs and will be renewed annually with each update to the Financing Plan. The liens will be released following payment of the FBA.

For the current, approved schedule of Facilities Benefit Assessments by fiscal year, refer to Table 4 on page 12.

Development Impact Fee (DIF)

Within urbanized communities, which are near full community development, Development Impact Fees (DIF) are collected to mitigate the impact of new development through provision of a portion of the financing needed for identified public facilities and to maintain existing levels of service for that community. Consistent with previous Council direction, Development Impact Fees, equal to the current FBA assessments, are appropriate for all properties in all FBA communities that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments.

Assessment Districts

Special assessment district financing, such as the Municipal Improvement Acts of 1913/1915, may be used as a supplementary or alternative method of financing facilities such as streets, sidewalks, sewers, water lines, storm drains, and lighting facilities. Assessment districts are beneficial in that they provide all of the funding needed for a particular public facility project in advance of the projected development activity. However, assessment districts also create a long-term encumbrance of the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require the approval of a majority of the property owners in order to establish the district.

Community Facility District (CFD)

State legislation, such as the **Mello-Roos Act of 1982**, has been enacted to provide a method of financing public facilities in new and developing areas. A Mello-Roos is also known as a **Community Facility District (CFD)**. The formation of such Community Facility Districts may be initiated by owner/developer petition. Mello-Roos districts also require approval by a two-thirds majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.

Developer Construction

New development either constructs required facilities as a condition of subdivision or provides funds for its fair share of the costs of such facilities, with construction being performed by the City. Typically, these funds are collected through the Facilities Benefit Assessment Program or through the Development Impact Fee program.

As an alternative to the Facilities Benefit Assessment or Development Impact Fee Programs, it may be feasible for developers to construct one or more of the needed public facilities in a turnkey basis. Under this arrangement, developers typically are compensated, either by cash or credit against Facilities Benefit Assessments due, for the work performed pursuant to the conditions in a Council approved reimbursement agreement (Council Policy 800-12).

Reimbursement Financing for Water and Sewer Facilities

This method of financing is outlined in Council Policy 400-7. It is commonly used when the first developer/sub-divider in an area is required to construct the necessary water and sewer facilities for an entire developing area. These agreements are approved by the City Council. Reimbursement to the first developer/sub-divider can occur over a period of time as long as 20 years or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.

State/Federal Funding

Certain public facilities may be determined to benefit a regional area that is larger than the community planning area. Such projects may be appropriately funded by either the state, federal government, or by a combination of the two.

Cost Reimbursement District (CRD)

Occasionally, a developer/sub-divider is directed to construct public improvements that are more than that which is required to support its individual property/development. A **Cost Reimbursement District (CRD)** provides a mechanism by which the developer/sub-divider may be reimbursed by benefiting development which proceeds within 20 years of formation of the CRD. Reimbursement is secured by a lien on the benefiting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.

Development Agreement

This method permits a developer to enter into an agreement with the City of San Diego where certain rights of development are extended to the developer in exchange for certain extraordinary benefits given to the City.

General Assumptions and Conditions

In connection with the application of the above methods of financing, the following general assumptions and conditions will be applied:

1. Except for those projects that are identified as FBA funded, developers will be required to provide facilities that are normally provided within the subdivision process as a condition of tentative subdivision map approval. These projects include but are not limited to traffic signals (except as noted), local roads, and the dedication or preservation of Open Space located within the proposed development(s).

A Mello-Roos 1913/1915 Act, or other type of reimbursement district, however, may fund such projects if the project(s) and applicant(s) qualify for this type of project financing.

2. Commercial and industrial land will be assessed FBAs for infrastructure (including transportation), fire, and utility facilities. However, developers of commercial and industrial land will not be assessed for park and recreation or library facilities since those facilities primarily serve the residential component of the Mira Mesa community. In the future, if a basis is developed for charging non-residential development for the cost of park and recreation and library facilities, their fair share can be evaluated at that time.
3. Annual reviews may be performed to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and assessments shall be evaluated for all portions of the program.
4. The developer, or permittee, shall pay the FBA as a condition of obtaining building permits.
5. A developer, or group of developers, may propose to build or improve an FBA funded facility that is identified in the Capital Improvements Program. Upon City Council approval, the developer(s) may enter into an agreement to provide the facility in lieu of, or as credit against the payment of FBA fees, provided that adequate funds are available in the FBA fund. The amount and timing of the credit being sought by the developer(s) must coincide with the expenditure of funds depicted on the CIP sheet for the respective project. Should the approved, final cost of the facility exceed the amount of credit being sought by the developer(s), the developer(s) may be reimbursed from the FBA fund for the difference, subject to the approved reimbursement agreement and the availability of funds. If two developers are entitled to cash reimbursement during the same fiscal year, then the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.
6. As FBA assessments are collected, they shall be placed in a City fund that provides interest earnings for the benefit of Mira Mesa.
7. The Development Schedule, shown in Table 8 on page 18, is an estimated schedule and is based on the latest information available at the time this financing plan was adopted. Future approvals and/or modifications of precise plans and/or discretionary permit applications may either increase or decrease the extent of development proposed within Mira Mesa.

8. Most public facilities identified in the financing plan are either “population based” or “transportation based”. The estimated year(s) in which funds are budgeted for a given project should not be considered as a binding commitment that the project would actually be constructed in that year. With each annual update, actual permit activity and corresponding population projections, coupled with additional traffic study information obtained since the last update, will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the financing plan. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.
9. Only those roadways that have been designed as a four-lane facility or larger have been considered in this financing plan as being funded by the FBA. All other roadways located within Mira Mesa will be the responsibility of the developer/sub-divider and are not reflected in the FBA calculations.
10. It has been assumed that a large majority of the cost necessary to construct SR-56 will be provided from funds other than the FBA, e.g. TRANSNET, state or federal (ISTEA) highway funds, and/or toll road funds, etc.
11. For projects that require land acquisition in this financing plan, property value estimates assume that the property is graded, in finished pad condition, and “ready to accept” for the project for which it is intended (i.e. the value of raw land plus the cost of improvements/environmental mitigation.). The actual price paid for land within Mira Mesa will be based upon either a price established through direct negotiations between the affected owner(s) and relevant public agency or by fair market value, as determined by an appraisal that will be prepared in accordance with standard City policy.
12. It has been assumed that all costs for open space acquisition will be provided from funds other than the FBA, i.e. subdivision requirement, off-site mitigation for a particular project, etc.
13. It is expected that all right-of-way for the major roads within the community are to be acquired via the subdivision process at no cost to the FBA. It is anticipated that if right-of-way must be acquired by the FBA by way of eminent domain, a cost reimbursement district, with the beneficiary being the Mira Mesa FBA, will be processed to recover the cost of the right-of-way at such time as the property adjacent to the roadway frontage develops.

14. FBA fees shall be paid by all categories of private development, including affordable housing projects.
15. This financing plan identifies a number of anticipated public facility projects as being funded by the FBA. However, it is understood that, during the development of Mira Mesa, alternative funding sources may be proposed in lieu of FBA funding, such as developer funds or Mello-Roos Community Facility District financing.

Developer Advance

It is anticipated that some of the projects which have been identified as being FBA-funded, are to be constructed by developers in Mira Mesa. Subject to the terms of a reimbursement agreement, a developer may actually start construction of a project before there are sufficient FBA funds available to provide either cash reimbursement or credit against the developer's obligation to pay FBA fees. In other words, the "need" for the project may occur before there are FBA funds available to cover the cost of the project. Additionally, a developer may have accumulated credits from one or more other FBA-funded projects such that the developer is unable to use credits as fast as they have been earned. In these cases, the CIP project sheets will show the fiscal year in which it is anticipated that the developer will advance the cost of the project, also known as a **Developer Advance** (DEV. ADVANCE).

The project sheets indicate the fiscal year in which it is anticipated that funds will be available to reimburse or when the developer would take credits against their obligation to pay FBA fees. Subject to the availability of funds, the year(s) in which reimbursement or credit for the Developer Advance occurs may be accelerated to the fiscal year in which the Developer Advance is extended.